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## **CHINA PROPERTIES GROUP LIMITED**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1838)**

### **CONTINUING CONNECTED TRANSACTIONS**

Reference is made to the announcement of the Company dated 22 July, 2011 on the Tenancy Agreement and the Sharing Agreement in respect of the office premises on 14th Floor, Wheelock House in Central, Hong Kong.

As the Tenancy Agreement and the Sharing Agreement had both expired on 31 July, 2014, on 22 September, 2014, Magico, an indirect wholly-owned subsidiary of the Company, entered into the New Tenancy Agreement as a co-tenant with Marnav, the landlord, and Frank Union, the other co-tenant, to renew the Tenancy Agreement for a further term of three years with effect from 1 August, 2014 to 31 July, 2017. On the same date, Magico also entered into the New Sharing Agreement with Frank Union to specify their respective rights and liabilities under the New Tenancy Agreement. Pursuant to the New Sharing Agreement, each of Frank Union and Magico is entitled to occupy and use half of the Principal Office and they will share equally the Rental and Other Charges in respect of the Principal Office.

Frank Union is an associate of Mr. Wong. As Mr. Wong is a substantial Shareholder and the Managing Director of the Company, Frank Union is a connected person of the Company within the meaning of the Listing Rules. Hence, the New Tenancy Agreement and the New Sharing Agreement constitute continuing connected transactions of the Company under the Listing Rules. Since the revenue ratio and the consideration ratio in respect of the Annual Caps are more than 0.1% but less than 5%, the entering into of the New Tenancy Agreement and the New Sharing Agreement are only subject to the reporting and announcement requirements and are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Tenancy Agreement and the Sharing Agreement in respect of the office premises on 14th Floor, Wheelock House in Central, Hong Kong, details of which were set out in the announcement of the Company dated 22 July, 2011, had both expired on 31 July, 2014.

On 22 September, 2014, Magico, an indirect wholly-owned subsidiary of the Company, entered into the New Tenancy Agreement as a co-tenant with Marnav, the landlord, and Frank Union, the other co-tenant, in respect of leasing of the Principal Office. On the same date, Magico also entered into the New Sharing Agreement with Frank Union to specify their respective rights and liabilities under the New Tenancy Agreement.

Frank Union is an associate of Mr. Wong. As Mr. Wong is a substantial Shareholder and the Managing Director of the Company, Frank Union is a connected person of the Company within the meaning of the Listing Rules. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Marnav and its ultimate beneficial owners are Independent Third Parties.

#### **A. THE NEW TENANCY AGREEMENT**

The principal terms of the New Tenancy Agreement are set out below:-

Date: 22 September, 2014

##### **Parties**

1. Harriman Leasing Limited as leasing agent for and on behalf of the landlord, Marnav
2. Frank Union as co-tenant
3. Magico as co-tenant

##### **Premises**

14/F, Wheelock House, 20 Pedder Street, Central, Hong Kong

##### **Term**

For a term of three years from 1 August, 2014 to 31 July, 2017.

##### **Rental**

The Rental includes a rent of HK\$6,765,456 per annum (at HK\$563,788 per month), and a service fee of HK\$663,612 per annum (at HK\$55,301 per month) which is subject to increase from time to time as may be notified by the landlord. The co-tenants are also responsible for paying the government rates.

The Rental is to be paid by way of cheque drawn on a licenced bank in Hong Kong or in banknotes or by bankers' order if so demanded on a monthly basis.

The terms of the New Tenancy Agreement (including the Rental) was determined after arm's length negotiations between the parties to the New Tenancy Agreement and the rent was determined with reference to the prevailing market rent for similar properties (e.g. with respect to floor space and age of the building) in the vicinity.

## **B. THE NEW SHARING AGREEMENT**

The principal terms of the New Sharing Agreement are set out below:-

Date: 22 September, 2014

### **Parties**

1. Frank Union as the first tenant
2. Magico as the second tenant

### **Rights and liabilities of Frank Union and Magico under the New Tenancy Agreement**

The parties to the New Sharing Agreement agree that the Principal Office will be divided into two equal halves and each party will be entitled to occupy, use and possess half of the Principal Office to the exclusion of the other party. The Rental and Other Charges in respect of the Principal Office will be shared equally by the parties.

Each party shall also perform all the duties and discharge all the obligations and liabilities of the tenant under the New Tenancy Agreement in so far as such duties, obligations and liabilities relate to the use, occupation and enjoyment of the portion of the Principal Office occupied by such party.

### **Annual Caps**

The Annual Caps for the annual Rental and Other Charges payable under New Tenancy Agreement and the New Sharing Agreement by Magico for each of five months ending 31 December, 2014, the years ending 31 December, 2015 and 2016 and the seven months ending 31 July, 2017 are HK\$1,875,000, HK\$4,500,000, HK\$4,500,000 and HK\$2,625,000 respectively. The Annual Caps have been determined by reference to (i) the rental amount and service fee payable by Magico under the New Tenancy Agreement, (ii) the Other Charges payable by the tenants under the New Sharing Agreement (taking into account increases in rates and utility charges), (iii) possible increase in the amount of the service fee payable under the New Tenancy Agreement and in the Other Charges payable under the New Sharing Agreement and (iv) other additional expenses which may be incurred in respect of the Principal Office after the renewal of the Tenancy Agreement and the Sharing Agreement. The total annual amount payable under the New Tenancy Agreement is HK\$7,429,068 (subject to increase in the service fee), half of which (i.e. HK\$3,714,534) is to be borne by Magico. The total annual amount of the Other Charges payable under the New Sharing Agreement is estimated to be approximately HK\$500,000, half of which (i.e. HK\$250,000) is to be borne by Magico.

## **C. REASONS FOR CONTINUING CONNECTED TRANSACTIONS**

The Tenancy Agreement had expired on 31 July, 2014. As it is intended that each of Frank Union and the Company will continue to occupy one half of the Principal Office, the Company considers that the entering into the New Tenancy Agreement as a co-tenant and the New Sharing Agreement with Frank Union will better specify the respective rights and liabilities of Frank Union and Magico under the New Tenancy Agreement, than to obtain a new licence from Frank Union to use the Principal Office.

The Directors (including the independent non-executive Directors) consider the New Tenancy Agreement and the New Sharing Agreement were entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better and are in the interests of the Company and its Shareholders as a whole, and that their terms are fair and reasonable.

Mr. Wong is a Director who has a material interest in the New Tenancy Agreement and the New Sharing Agreement, and accordingly he abstained from voting on the resolution of the Board approving these transactions.

#### **D. GENERAL**

The Group is a property development company in China focusing on developing and creating high quality, large-scale, residential and commercial projects in strategic locations in China. Magico, an indirect wholly-owned subsidiary of the Company, is the service company responsible for certain administrative activities of the Group.

Frank Union is an investment holding company indirectly wholly-owned by Mr. Wong through entities which are not within the Group.

Marnav is an Independent Third Party engaged in the holding the Principal Office.

As Mr. Wong is a substantial Shareholder and the Managing Director of the Company, Frank Union is a connected person of the Company within the meaning of the Listing Rules. Hence, the New Tenancy Agreement and the New Sharing Agreement constitute continuing connected transactions of the Company under the Listing Rules. Since the revenue and the consideration ratios in respect of the Annual Caps are over 0.1% but less than 5%, the entering into of the New Tenancy Agreement and the New Sharing Agreement are only subject to the reporting and announcement requirements and are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

#### **DEFINITIONS**

In this announcement, unless the context requires otherwise, the following terms have the meanings set out below:-

“Annual Caps”	the maximum annual Rental and Other Charges payable by Magico under the New Tenancy Agreement and the New Sharing Agreement for each of five months ending 31 December, 2014, the years ending 31 December, 2015 and 2016 and the seven months ending 31 July, 2017, being HK\$1,875,000, HK\$4,500,000, HK\$4,500,000 and HK\$2,625,000 respectively;
“Board”	the board of Directors of the Company;
“Company”	China Properties Group Limited, a company incorporated in Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange;
“Director(s)”	the director(s) of the Company;

“Frank Union”	Frank Union Limited, a company incorporated in Hong Kong with limited liability, the shares of which are entirely owned by Mr. Wong through entities which are not within the Group;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Party(ies)”	person who or entity which, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, is a third party independent of the Company and of its connected persons (as defined in the Listing Rules);
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Magico”	Magico Group Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company;
“Marnav”	Marnav Holdings Limited, an Independent Third Party and the landlord of the Principal Office;
“Mr. Wong”	Mr. Wong Sai Chung, a substantial Shareholder and the Managing Director of the Company
“New Sharing Agreement”	the sharing agreement entered into between Frank Union and Magico on 22 September, 2014 which specifies the respective rights and liabilities of Frank Union and Magico under the New Tenancy Agreement;
“New Tenancy Agreement”	the tenancy agreement entered into between Harriman Leasing Limited as leasing agent for and on behalf of Marnav, Frank Union and Magico on 22 September, 2014 in respect of leasing of the Principal Office by Frank Union and Magico;
“Other Charges”	government rates, electricity fee, fixed line telephone charge and other charges in respect of the Principal Office to be shared equally by Frank Union and Magico;
“PRC”	the People’s Republic of China;
“Principal Office”	the premises located at 14/F, Wheelock House, 20 Pedder Street, Central, Hong Kong;
“Rental”	a rent of HK\$6,765,456 per annum (at HK\$563,788 per month) and a service fee of HK\$663,612 per annum (at HK\$55,301 per month);
“Shareholder”	shareholder of the Company;

- “Sharing Agreement” the existing sharing agreement entered into between Frank Union and Magico on 22 July, 2011 which specified the respective rights and liabilities of Frank Union and Magico under the Tenancy Agreement;
- “Stock Exchange” The Stock Exchange of Hong Kong Limited;
- “Tenancy Agreement” the existing tenancy agreement entered into between Harriman Leasing Limited as leasing agent for and on behalf of Marnav, Frank Union and Magico on 22 July, 2011 in respect of leasing of the Principal Office by Frank Union and Magico.

By Order of the Board  
**China Properties Group Limited**  
**Dr. Wang Shih Chang, George**  
*Chairman*

Hong Kong, 22 September, 2014

*As at the date of this announcement, the Board of the Company comprises Dr. Wang Shih Chang, George, Mr. Wong Sai Chung and Mr. Xu Li Chang as executive Directors, Mr. Kwan Kai Cheong as non-executive Director and Mr. Warren Talbot Beckwith, Mr. Luk Koon Hoo, Mr. Garry Alides Willinge, Mr. Cheng Chaun Kwan, Michael and Mr. Wu Zhi Gao as independent non-executive Directors.*